

State ED Task Force

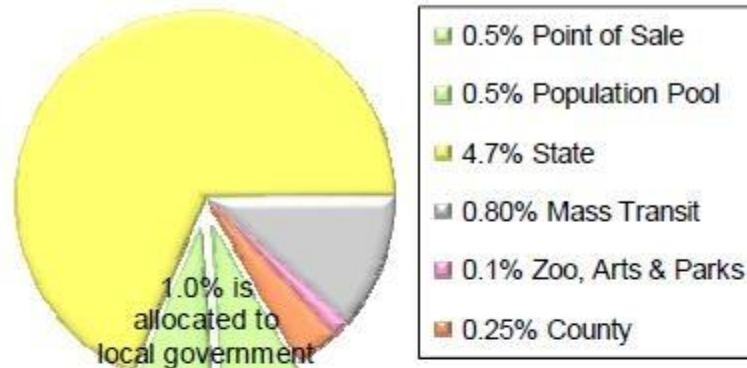
Mission Statement

....."how regulatory or other barriers to economic production or economic development can be reduced or eliminated.

Disconnect – Tax Structure

- Three Legged Stool
- Local Government Tax Structure
 - Property Tax
 - Sales Tax
 - Franchise Tax

6.85% is collected on all applicable sales in Sandy City



0.5% stays in Sandy

0.5% goes into a Statewide Pool

Less than 2.5% adjustment for administrative fees and other deductions

The Statewide pool is divided among cities on the basis of population

Sales Tax Received by Sandy City
Currently about 0.85%

Overview of Retail Development

- \$80 million in Annual Sales
- 1% Local Sales Tax = \$800,000
- 4.7% State Sales Tax = \$3,760,000

Overview of Job Creation

- 200 jobs
- Average wage of \$50,000
- Estimated Marginal Tax Rate 4%
- \$400,000 Income Tax

Overview of Job Creation

- 6 acre parcel of land - 80,000 square feet of office new construction (\$10.00 sf. land & \$110 sf. office construction.
- Assessed Value - \$13,500,000
City Property Tax Rate – 0.001483
- City Property Tax Revenue = \$200,000
Annual Utility Costs \$400,000 = \$24,000
(based on 6% Franchise Tax)
- Total City Tax Revenue - \$224,305

INCENTIVES

- Creation of an EDA
5 years to 15 years capture percentage of property tax
- Write down the cost of the land; intersection improvements for traffic; road improvements or construction of new access road; storm water; water & sewer; etc.
- Increase in municipal services; police, fire, emergency medical, etc.
- Zero Sum Game

State & Local Partnership

- Serious disconnect between retail development and job creation
- Result: disconnect between the State and local government can hurt the objectives related to job creation.
- Objective: reduce or eliminate barriers to quality job creation and economic development

Silver Bullet

- Local government doesn't have a silver bullet or single solution to this challenge.
- Not the desire or request of local government to take tax revenues from the State.
- Requesting: partnership and collaboration.

Suggested Issues

- Enable flexibility of local government to enact tools that will align with the State.

Study the Texas Type A and Type B
Sales Tax Economic Development Tool

Enable local optional tax dedicated to ED

Use a dedicated local sales tax in lieu of RDA, CDA,
EDA

Local property tax does not allow for consideration of
the inflationary impact on purchasing power for,
equipment, utilities, supplies, etc.